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IN THE

Supreme Court of the United States

October Term, 1968
No. 406

McCULLOUGH TOOL COMPANY,
Petitioner,

vs.

WELL SURVEYS, INC. (now by change of name DRESSER SIE, INC.), and DRESSER INDUSTRIES, INC.,
Respondents.

McCULLOUGH TOOL COMPANY,
Petitioner,

vs.

DRESSER INDUSTRIES, INC.,
Respondent.

Reply Brief in Support of Petition for Writ of Certiorari.

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For its reply to the "Brief of Respondents in Opposition to Petition for Writ of Certiorari", McCullough Tool Company, Petitioner, represents as follows:[1]

1. As a result of the original infringement litigation, the trial court, on remand, entered an injunction prohibiting Petitioner from making, using, or selling the specific "apparatus" "as exemplified by W.S.I. Exhibit 10, p. 5A", which was the subject of the adjudication. See 395 F. 2d 230 at p. 235. Petitioner obeyed that injunction; Petitioner "following the advice of

[1]Respondent inappropriately devotes a substantial portion of its brief to questions of misuse which are not raised by the Petitioner. These portions of Respondent's brief should be ignored.

counsel, modified its structure to avoid infringement of the Swift Patent". (*Id.* at 232.)

It is that *modified* device—a new device *not* adjudicated in the original infringement litigation—which was before the court in the summary contempt proceeding which resulted in this appeal.

2. This Court has "frequently held that it is the claim which measures the grant to the patentee . . .", *Graver Mfg. Co. v. Linde Co.*, 336 U.S. 271, 277 (1949). And it has emphasized that the infringement is a fact question and hence that "A finding of equivalence is a determination of fact", *Graver Mfg. Co. v. Linde Co.*, 339 U.S. 605, 609 (1951). Also, a party estopped to deny *validity* "is *not* estopped to prove that . . . everything in [the accused] device was taught by the prior art and nothing included therein other than the application of such art *plus ordinary mechanical skill*" "for such proof negatives infringement". *Casco Products Corp. v. Sinko Tool and Mfg. Co.*, 116 F. 2d 119 (7 Cir. 1940). See *Maxon v. Maxon Construction Co., Inc.*, ... F. 2d ..., 158 USPQ 77 (6 Cir. 1968), and *Kenyon v. Automatic Instrument Co.*, 186 F. 2d 752, 755 (6 Cir. 1961).

Thus, in contempt proceedings following successful infringement litigation where the question of *validity* was settled in the prior judgment, and the defendant has adopted a modified device, "consideration must be given to the prior art for it was never intended, of course, that the injunction should prohibit its practice." *Ransburg Electro-Coating Corp. v. Ionic Corp.*, 395 F. 2d 92, 157 USPQ 662 (4 Cir. 1968). Manifestly in such contempt proceedings, as in other cases where

validity is not in issue, the question of infringement thus turns importantly upon the same "basic factual inquiries" as the question of obviousness under 35 U.S.C. 103. Included are factual determinations of "the scope and content of the prior art", of the "differences between the prior art and the claims at issue", and of "the level of ordinary skill in the pertinent art" (*Graham v. John Deere Co.*, 383 U.S. 1 (1966)).

3. In *conflict* with these principles and *all* of the precedent in which they are enunciated, the Tenth Circuit Court of Appeals has held that, as between the parties to a successful infringement litigation, it is *no longer* "the claim which measures the grant to the patentee". *Graver, supra.* Instead, according to the Tenth Circuit, "the grant to the patentee" is measured in such cases by the generalized "scope" of the claims as "conclusively determined between the two parties—in the original infringement suit". Reasoning from this premise, the appellate court has held that an accused contemnor who has adopted a device admittedly different from that adjudicated to infringe has *no* right to introduce evidence on the controlling *factual issue* of whether the patent *claims as issued by the Patent Office* can legally be construed to embrace such modified device—and hence to support an injunction under 35 U.S.C. 283 prohibiting its use.

The Court of Appeals affirmed the trial court's *summary* contempt citation which was posited *not* upon the Swift patent *claims*—but rather upon "the scope of the Swift patent as heretofore determined"—to embrace *all* apparatus "for simultaneously making radio-

active measurements and locating casing collars in a cased well". (R. Br. 23.)[2]

4. The situation is all the more aggravated because the court below, with some justification based on the language of the decisions, purported to find support for its ruling not only in precedent from various of the circuits[3] but also in the opinion of *this* Court in *Leman v. Krentler-Arnold Co.*, 284 U.S. 448 (1932).

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[2]This functional "scope" determination, in utter disregard for the patent *claims* mandated by 35 U.S.C. 112, results in a judicially created monopoly covering every device in which formation and collars are simultaneously located.

It is in fact a *judicial repudiation* of the rule condemning functional claims announced by this Court in *Halliburton Co. v. Walker*, 329 U.S. 1 (1946). In *Halliburton*, this Court said:

> "Under these circumstances the broadness, ambiguity, and overhanging threat of the functional claim of Walker become apparent. What he claimed in the court below and what he claims here is that his patent bars anyone from using in an oil well any device heretofore or hereafter invented which combined with the Lehr and Wyatt catching and recording echoes from tubing joints with regularity. Just how many different devices there are of various kinds and characters which would serve to emphasize these echoes, we do not know. The Halliburton device, alleged to infringe, employs an electric filter for this purpose. In this age of technological development there may be many other devices beyond our present information or indeed our imagination which will perform that function and yet fit these claims. And unless frightened from the course of experimentation by broad functional claims like these, inventive genius may evolve many more devices to accomplish the same purpose. See *United Carbon Co. v. Binney & Smith Co.*, 317 U.S. 228, 236; *Burr v. Duryee*, 1 Wall. 531, 568; *O'Reilly v. Morse*, 15 How. 62, 112-13. Yet if Walker's blanket claims be valid, no device to clarify echo waves now known or hereafter invented, whether the device be an actual equivalent of Walker's ingredient or not, could be used in a combination such as this, during the life of Walker's patent."

[3]Including *Krentler-Arnold Co.-Hinge Last Co. v. Leman*, 59 F. 2d 702 (1 Cir. 1931); *Wadsworth Electric Mfg. Co. v. Westinghouse*, 71 F. 2d 850 (6 Cir. 1934); and *Siebring v. Hansen*, 346 F. 2d 474 (8 Cir. 1965).

We believe that this conflict is serious and that it warrants early resolution here. As matters now stand, the lower federal courts are at sea with respect to the procedures which may properly be invoked subsequent to successful infringement litigation when the defendant adopts a device different from that which was adjudicated.

Witness the direct conflict between (a) the Tenth Circuit decision below rendered *May* 16, *1968* holding flatly that Petitioner, as an accused contemnor, has *no* right to introduce prior art or any other evidence to show that his new device can*not* fall within the legitimate scope of any of the patent claims and hence of any injunction authorized by 35 U.S.C. 283 and (see Question 2 of the Petition, p. 10) (b) the better reasoned decision of the Fourth Circuit rendered twenty-five days before, on *April* 11, *1968*, *reversing* a finding of contempt "In light of the prior art" to which it said "consideration must be given for it was never intended of course that the injunction should prohibit its practice". *Ransburg Electro-Coating Corp. v. Ionic Corp.*, 395 F. 2d 92 (4 Cir. 1968).[4]

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[4]The decision below is further premised upon a narrow view of the doctrine of file wrapper estoppel which itself is in conflict with better reasoned authority. Adverting to the first decision in this litigation, reported at 343 F. 2d 381, the First Circuit in *Borg-Warner Corp. v. Paragon Gear Works, Inc.*, 355 F. 2d 400, 405 (1 Cir. 1965), noted the apparent conflict and expressed the belief that "there is no real conflict, except linguistic." The First Circuit then said with obvious logic that it could "think of no reason, and find none suggested in the cases, why the importance and materiality of language in a claim depend upon the particular objection the Patent Office had voiced. A patent may be just as invalid because the description is inadequate as it may be because of the prior art . . . and the examiner is as much within his rights in making one type of objection as another. . . ." "If an applicant

(This footnote is continued on the next page)

5. Following the lead of the appellate court (see 395 F. 2d 230 at 234), Respondent makes the bold statement "that the question of infringement . . . had already been determined in the district court of the court of appeals in the original infringement case." (R. Br. 10.) Obviously this cannot be. The only infringement which could have been determined in the original case was with regard to a particular structure before the court in that case. It would have been impossible for the court to make a determination as to future structures, as to a different mode of operation or non-equivalency of future structures, or as to additional prior art which might be pertinent in view of the differences between such future structures and the specific device with respect to which the question of infringement was adjudicated.

On these issues, the trial judge acknowledged the *"five changes"* in the "modified apparatus" by which Petitioner's affidavits differentiated it from the Swift invention. (R. Br. 22, 23.) He reached the conclusion that irrespective of these changes there was no infringement. Again, he posited his conclusion on "the scope of the Swift patent as heretofore determined"

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who accedes to a demand based on the prior art is thereafter estopped to contest its necessity, he should equally be estopped to deny the correctness of a demand for which some other reason is given. To a party examining the file to determine the true scope of what has been granted, and finding something affirmatively disclaimed, it should make no difference what was the purpose of the disclaimer." (355 F. 2d 400 at 406) But the First Circuit's belief was not at all well-founded, as evidenced by the dogmatic perpetuation below of the narrow concept of file wrapper estoppel espoused in the first McCullough case and reiterated again in the contempt proceeding in part to justify the refusal to hear evidence. See *McCullough Tool Co. v. Well Surveys, Inc.*, 395 F. 2d 230 at 235 where the file wrapper estoppel ruling from the first decision is quoted.

plus Petitioner's candid admission in the affidavits and in open court that, in terms of function, its new device is "for simultaneously making radioactivity measurements and locating casing collars in a cased well". (R. Br. 23.) It was on *this basis* that both courts below denied Petitioner an opportunity to prove *non-infringement*—admittedly the issue "primarily" before the court (R. Br. 8)—by the presentation of evidence to show nonequivalency, different mode of operation, aggregation, file wrapper estoppel, and, of particular significance, to show that the Swift patent, if construed to embrace the modified device, does not describe an "invention" which responds to the constitutional standard in part enunciated by the conditions for patentability recited in 35 U.S.C. 102 and 103.

Respondent argues (R. Br. 8) that finding of contempt may be made summarily. If this is intended as an argument that contempt can be decided without McCullough having its day in court, then it is an erroneous statement. Respondent cites four cases: *Leman v. Krentler-Arnold Co.*, 284 U.S. 448; *Textag Co. v. Hayslip* (C.A. 5, 1951), 192 F. 2d 435; *Wilson v. Byron Jackson Co.* (C.A. 9, 1937), 93 F. 2d 577; and *Kiwi Coders Corp. v. Acro Tool & Die Works* (C.A. 7, 1957), 250 F. 2d 562. In all of these cases their records clearly show there was an adequate hearing.

Respondent says (R. Br. 7) that on January 12, 1967 the Court indicated that it had studied the memoranda as well as pleadings and affidavits and had "decided that these cases can now be determined on the Record before me". The fact is that there was no record before the Court on the issues of fact on which Petitioner proposed to introduce evidence. There was

the Affidavit which went into detail in pointing out essential differences in Petitioner's new structure—and which the Trial Court summarily dismissed—but there was no additional evidence of the nature which Petitioner proposed to introduce which would substantiate non-infringement.

The decision below thus conflicts directly with the fundamental law which guarantees every party not only notice of a hearing but also the opportunity to be heard. See the Petition, pages 9-10.

Conclusion.

The Petition should be granted.

Dated: September 26, 1968.

Respectfully submitted,

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